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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Last Minute News

7UP goes for the gold

DALLAS—Seven-Up Co. today unveils 7UP Gold, a spicy citrus soft drink in regular and diet versions, sources say. The company reportedly will introduce the product for rollout at a series of news conferences across the country starting with one today in Washington. The marketer last year tapped the teen market with Cherry 7UP. Industry observers believe 7UP Gold is targeted to consumers ages 18 to 34 and is positioned as a "wilder" soft drink. Leo Burnett USA, Chicago, handles.

Blendax dumps DDB Needham

DUESSELDORF—Blendax Werke R. Schneider & Co. will not retain DDB Needham Worldwide for its $14.5 million personal-care products account. Peter Elsing, the company's marketing manager, attributed the loss to the fact that DDB is a member of the Omnicom Group, which handles many of Blendax's competitors.

Maxwell House starts perking

ST. PETERSBURG BEACH, FLA.—General Foods Corp. will resume advertising for its Maxwell House coffee brand in mid-1988, said Philip Smith, chairman-ceo of the Rye Brook, N.Y.-based company. GF spent $33 million on measured ad spending in 1986, the last full year of spending for the brand. Mr. Smith said GF's coffee share slipped last year due to low pricing of coffee beans and intense sales promotion but that the company

(Continued on Page 8)

Magazine plan shakes industry

Whittle offers waiting-room exclusivity

By PATRICK REILLY

A revolutionary magazine plan from Whittle Communications that offers advertisers limited exclusivity in doctors' waiting rooms has angered rival publishers, who are getting ready to fight back.

What irks competing publishers are reports that Christopher Whittle, chairman of the privately held publishing company, has promised advertisers that most rival publications will be removed from medical waiting rooms to guarantee limited exclusivity.

Called "The Whittle Family System," the project includes the October launch of *Special Reports*, six quarterly magazines distributed to the offices of 15,000 general family practitioners, obstetrician/gynecologists and pediatricians in 125 major markets.

The oversize, glossy magazines will be displayed in specially designed wooden cabinets and each will be based on a single topic: family; fiction; health; living (food, home and travel); personalities and gossip; and sports.

If Mr. Whittle's concept is unprecedented, so too is the vitriolic reaction by magazine publishers.

The reason: Medical waiting rooms represent major magazines' largest share of out-of-home readership, where publishers benefit from the high pass-along rate. For exam-

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Brady beats about the Bush. P. 3

Marketers seek slotting truce. P. 12

David Horowitz has problems. P. 32

More on Fallon and Dinka. P. 69

P&G cuts $75M from network TV

By VERNE GAY

Procter & Gamble Co. sliced nearly $75 million from its network TV budget in 1987, the largest year-to-year network cut in P&G's history and one of the biggest drops ever for a single advertiser.

P&G spent $377.6 million on the Big 3 TV networks last year, a 16.4% drop from 1986 levels.

This marks the second consecutive year P&G has cut net TV spending. It lopped off about $40 million in 1986 from 1985 levels; that, too, was a record.

But P&G's massive 1987 cutback was offset by an equally huge increase in network TV spending by Kellogg Co. The Battle Creek, Mich.-based company boosted expenditures 43.2% to $238 million, also believed

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Top 10 network TV advertisers

Advertiser	'87 network TV spending	% chg from '86
1. Procter & Gamble Co.	$377,551,800	–16.4%
2. Philip Morris Cos.	$331,936,200	– 3.0%
3. General Motors Corp.	$272,953,100	+16.8%
4. Kellogg Co.	$238,016,900	+43.2%
5. McDonald's Corp.	$216,067,400	+11.9%
6. Unilever	$211,923,000	+ 4.7%
7. RJR Nabisco	$209,777,300	+34.7%
8. Anheuser-Busch	$186,947,700	+ 5.3%
9. Johnson & Johnson	$181,998,900	+10.8%
10. American Home Products	$181,499,400	– 2.2%

Source: Broadcast Advertisers Reports.

Burger bungle?

No. 2 chain dishes up new campaign that pounds away at an old ad theme

By BOB GARFIELD

Bring back Herb.

OK, don't bring back Herb. That's a terrible idea. Bring back "Burger King Town." Remember? Neat montages. Sensational jingle. The commercials didn't sell many hamburgers, but Burger King Corp. had so many operational and marketing problems at the time the campaign never had a chance.

AD REVIEW

You didn't like "Burger King Town"? No problem. Bring back that goof with the crown on his head. Heck, hire Madge away from Palmolive. Most anything would be better than what N W Ayer has produced in its debut effort following The Biggest Account Change in Advertising History.

The first assault in the latest cam-

(Continued on Page 72)

New BK spots show children discussing grill lines on patties (l.) and old people talking about burgers in the good old days.

BJK&E completes $133M buyback

By GARY LEVIN

NEW YORK—Bozell, Jacobs, Kenyon & Eckhardt completed its long-delayed buyback from Lorimar Telepictures Corp. by forming a new holding company called Bozell Inc.

The total purchase price, which Lorimar earlier tagged at $133 million (AA, Feb. 15), includes a "closing purchase price" of $75 million in cash and securities of the new company.

It also includes $44 million in outstanding debt and $3 million for a non-compete clause preventing Culver City, Calif.-based Lorimar from acquiring another agency.

Lorimar will remain a BJK&E client.

In addition, Bozell has issued a $5.5 million promissory note, payable in 12 annual installments, that with interest will amount to a total payment to Lorimar of more than $12 million over the term of the note.

Bozell Inc. will consist of BJK&E, the New York-based general agency; Poppe Tyson, a New York-based business-to-business agency with billings of more than $65 million; Robinson, Lake, Lerer & Montgomery, a consulting company; and public relations, healthcare, direct-marketing, Yellow Pages and custom production shops.

BJK&E has nine full-service U.S. offices and equity or affiliate relationships in 55 foreign cities. Poppe Tyson has offices in New York and Union, N.J., having recently sold a third office in Boston to management there, which renamed it McConnell & Co. (AA, Feb. 1).

The transaction finalized late last week eventually will give Bozell $30.4 million in outstanding common stock, of which $21 million, or about 70%, will be owned by employees and directors of the agency.

Sixty-six senior managers raised $14 million toward the purchase; a $5 million employee stock ownership plan for middle managers and a stock bonus plan will constitute the remainder of the shares.

Lorimar said it will post a pretax profit of about $16 million from the sale in its fourth quarter, ending March 31.

The new price tag is somewhat lower than expected when the deal was announced last year (AA, July 28, *et seq.*).

The Oct. 19 stock market dive created difficulties in arranging high-yield "junk" bond financing, and heightened scrutiny by financial partners led to several delays. The buyback originally was to have been completed by last fall, for $143 million.

Financial terms were renegotiated with principal lenders Citibank and Northwestern Mutual Life Insurance Co., and Lorimar, following the market's plunge.

Lorimar paid $21 million for Kenyon & Eckhardt in August 1983. After acquiring Bozell & Jacobs for $41 million in January 1986, it merged the two operations.

Poppe Tyson was acquired last year from D'Arcy Masius Benton & Bowles and merged with USAdvertising, earlier formed as a BJK&E spin-off shop to avoid a conflict.

For Lorimar, the sale sends a signal that it is capable of turning a profitable deal. Lorimar's home-video unit has been plagued by scandal recently: An investigation of three former top executives concerns a "breach of fiduciary duties," which led the company to set aside $22 million in loss reserves for the third quarter, translating to a $19.2 million net loss.#

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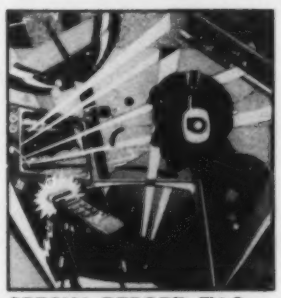
Lowenbrau's campaign is off to a roaring start. P. 4.



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Shearson sees rising market

By JUDITH GRAHAM

NEW YORK—For the first time since "Black Monday," a major brokerage house's ads are telling consumers that the stock market is ready for an upturn.

The ads could mark the start of a new marketing phase for brokers, which pulled ads touting stocks immediately after the market sank.

Shearson Lehman Hutton is telling investors that the market is on the road to recovery since Oct. 19 with a campaign that began with a 30-second TV spot on NBC Feb. 20.

Print ads start Feb. 22 in *The Wall Street Journal*, followed by ads in major-market newspapers Feb. 23. McCann-Erickson handles.

Some experts believe brokers will return to more aggressive product advertising while continuing the post-"Black Monday" strategy of reassuring investors.

But Shearson's strategy is considered risky, in light of the market's continued volatility.

"If they're right, they'll go a long way toward rebuilding people's trust, but if they're wrong, they can suffer severe long-term consequences for their business," said Alan Towers, president of Alan Towers Associates, a corporate public relations company.

Shearson's print ads, carrying the tagline "The worst is over," list nine reasons why an upturn is due.

"We think this is very big news," said Catherine Kaputa, Shearson VP-director of advertising, noting that investors and brokers alike have adopted a "gloomy attitude" since the market's plunge.

Merrill Lynch & Co., Shearson's largest competitor, shares Shearson's relatively optimistic view of the market but has not focused its advertising on the point.

Instead, it has been recommending a balanced portfolio of investments. Last week, it increased the suggested stock portion of the portfolio to 50% from 45%.

Merrill's new TV campaign, launched Feb. 13 via Bozell, Jacobs, Kenyon & Eckhardt, shows experts discussing investment products and strategies. The campaign includes a :30 on portfolios with a relatively strong stock weighting.

PaineWebber, which also has been keeping investors informed on investment opportunities via commercials since early November, has run at least six :60s talking about unusual values in the stock market, said John Lampe, senior VP-director of advertising and public relations. However, it has not predicted an overall uptick in the market.

Saatchi & Saatchi DFS Compton handles.#

Wal-Mart pushes brand-name line

By SHANNON THURMOND

Wal-Mart Stores, to capitalize on brand-name popularity, is introducing its exclusive line of Bobbie Brooks women's casual wear in a TV campaign breaking this week.

In so doing, the No. 3 discount retailer is shifting from its traditional price-oriented strategy to imitate Sears, Roebuck & Co. and K mart Corp.

Analysts believe Wal-Mart is trying to match Sears' Cheryl Tiegs line of women's clothing and K mart's Jacqueline Smith line.

The Bobbie Brooks brand name, licensed by Garan Inc., New York, previously has only been attached to junior sportswear. The brand has never been sold before in Wal-Mart.

The TV spots promote Wal-Mart's Bobbie Brooks women's line with the theme "Feel how good you look." GSD&M, Austin, Texas, handles the estimated $5 million apparel account.

Similar ads are running in *Glamour*, *Mademoiselle* and *'Teen*, said Roger McNitt, Wal-Mart's director of broadcast advertising.

The Bobbie Brooks line shows an upgrade in quality of merchandise, Mr. McNitt said, adding that brand-name recognition is important in today's retailing environment.

"Wal-Mart's major thrust has been quality for less, but unless you have a name brand, it's hard to say what quality is," said Dennis Telzrow, an analyst at Eppler, Guerin & Turner, Dallas.

Bentonville, Ark.-based Wal-Mart has 1,100 stores in 25 states.#

Brand fame spreading

Line extensions are marketers' lifelines

By JULIE LIESSE ERICKSON and JUDANN DAGNOLI

ST. PETERSBURG BEACH, FLA.—It's back to basics for the nation's grocery marketers, and that is having a major impact on ad spending.

Although these marketers are committed to big increases in advertising and marketing budgets, the additional spending is not going to new brand names but to "batched" products intended to maximize retail and marketing leverage.

If a new brand name is created, it is for a full line—not one product.

"Expect us to be even more aggressive in the future in leveraging our most valuable commodity—our brand names—across product lines and categories," said John Bryan, Sara Lee Corp. chairman-ceo.

In numerous presentations and interviews at last week's Consumer Analysts Group of New York's Florida food conference, marketers said they will use familiar brands for line extensions, category expansions and reformulations.

"A line extension is the ultimate in increased productivity," said Manny Goldman, analyst with Montgomery Securities, San Francisco.

Sara Lee, for instance, is expanding its Isotoner brand—already found on gloves, hosiery and slippers—into women's underwear.

Separately, the Chicago-based company's Hanes brand, the nation's top name in hosiery with a 40% share, will be used on a new line of Hanes Her Way panties, and the label will follow on bras, gloves and other related products.

Sara Lee President Paul Fulton even tossed out the possibility of using the Sara Lee, Jimmy Dean and Hillshire Farms names on food products cutting across category lines.

St. Louis-based Pet Inc. is testing three sets of products that extend established names: Pet-Ritz snack cakes, Progresso frozen dinners and Underwood barbecue sauce.

Quaker Oats Co. is beginning national distribution of Quaker Oat Squares cold cereal, which has been testing since last year in the Midwest. Print and TV ads use the tagline "An honest taste from an honest face," and the Quaker man appears on boxes and in ads.

Kraft Inc. is bringing along an entirely new brand. But its Chillery label encompasses a full line of refrigerated meals—salads, entrees and desserts. Glenview, Ill.-based Kraft is building on its existing foodservice and deli-supply network for the Chillery line.

The conference's overriding theme was food marketers' ef-

(Continued on Page 76)

Olympic advertising awareness survey

This survey of 672 adults was taken in January by SRI Research Center, Lincoln, Neb. (See story on Page 73.) Below, Jill Watson and Peter Oppegard show bronze-medal form.

In the past 30 days have you read, seen or heard advertising mentioning that a manufacturer is an official sponsor or supplier *of products for the 1988* Olympic Games?

Yes	67%
No	31%
Don't know	2%

Chicago Tribune photo by Bob Langer

In general, would you say Olympic sponsorship raises your opinion of a company, lowers it or does not affect it one way or the other?

Raises it	37%
Lowers it	2%
Does not affect it	59%
Don't know	1%

Do you think you would be inclined to buy a specific brand or product because its manufacturer is an Olympic sponsor?

Yes	27%
No	70%
Don't know	3%

Do you feel that there are too many advertisements mentioning Olympic sponsorship being run at the present time?

Yes	20%
No	73%
Don't know	7%

Which advertisement first comes to mind?

Don't know 50%	Miller 3%	Budweiser 2%	Subaru 1%
Coca-Cola 13%	Visa 2%	McDonald's 2%	Procter & Gamble 1%
Kodak 3%	Pepsi 2%	Kodak batteries 1%	Eveready 1%
			Other 18%

Winter Games TV ratings fail to snare gold

By VERNE GAY

NEW YORK—Ratings for ABC-TV's coverage of the Winter Olympics are lagging, leaving the network with a possible $35 million in advertiser "make-goods."

ABC was averaging just under a 19 prime-time rating from A.C. Nielsen Co. from Feb. 14, when the telecast began, through Feb. 18.

The network originally guaranteed advertisers a 21 rating on the Winter Olympics, though many advertisers estimated the ABC telecasts probably would achieve somewhat lower ratings during the two-week period.

AT&T Co., for example, said the Games would achieve between a 17 and 19 rating in prime time.

ABC sold about $360 million worth of commercial time in prime time, late-night and weekends.

If ratings continue to track about 9% under ABC's own estimates, then the network could owe advertisers between $30 million and $35 million in make-goods.

This would boost substantially ABC's own estimated losses on the Games.

It originally paid $309 million for the telecast rights, but production and other expenses were expected to push losses as high as $40 million.

A severe audience short-fall this week could easily double that figure.

Advertisers were promised make-goods, or audience guarantees, based only on household delivery.

Some advertisers doubted the net-

(Continued on Page 73)

World News Roundup

MANILA—PepsiCo moved its $2 million account to Hemisphere-Leo Burnett from J. Walter Thompson Co.

LONDON—Saab awarded the $15 million international launch of its new 9000CD model to Saatchi & Saatchi-owned KHBB here. Print and TV ads are scheduled to break in March in Europe and this fall in the U.S.

TORONTO—Wardair, Canada's third-largest airline, moved its $5.5 million account to J. Walter Thompson Co. from Miller Myers Bruce Dalla-Costa.

BERNE, SWITZERLAND—The Swiss Parliament has been asked to stop alcohol, cigarette and pharmaceutical advertising broadcast on

(Continued on Page 58)

Gillette-Shiseido tie just a joint venture?

By PAT SLOAN

Gillette Co. is testing a new skin-care line called Myoko as part of a joint venture with Japan's Shiseido Cosmetics Ltd., a deal that has many observers wondering if there's more there than meets the eye.

Shiseido ranks high on a list of possible "white knights" for Gillette, the target of takeover attempts, Wall Street sources say. The list was compiled by Coniston Partners, a New York investment group that recently bought a 6% stake in the Boston-based marketer of toiletries and razor blades.

A Gillette spokesman would not confirm that Tokyo-based Shiseido is supplying Myoko, but acknowleged the line has gone into a 50-store test in the Boston area. Shiseido would not comment.

Myoko is a mass-market version of some of the Japanese marketer's

(Continued on Page 74)

Goldwater pushes Bush over top in first primary

The story of George Bush in New Hampshire has a happy ending.

By JAMES BRADY

There was more good news out of New Hampshire last week than we ever got on the radio from Gabriel Heatter.

For those so young they think broadcast news began with Bill Hurt and Holly Hunter, Mr. Heatter would open his news show every evening with the sonorous declaration:

"Ah, there's good news tonight . . ."

Quite often there was actually bad news, like the Fall of France, but even then Heatter tried to put a good face on it.

You didn't have to strain a bit to enjoy New Hampshire. Anyone who didn't find the country in pretty fair shape the morning of Feb. 17 had to be either a curmudgeon or a losing candidate. I think that for the rest of us, and the nation, the New Hampshire primary worked just fine. And suddenly I feel a lot better

(Continued on Page 71)

Unwired nets snare marketers' dollars

By Richard Edel

With fewer people watching network television and the cost of network time spiraling upward, many advertisers are searching for alternatives. Among the fastest growing innovations are unwired networks.

Called "unwired" because they do not distribute programming, these networks typically place commercials in prime-time access lineups of locally oriented shows. Prime-time access is the hour preceding the start of network prime time.

The concept is a cross between syndication and spot TV. An advertiser negotiates with a national station representative to forge attractive market coverages, and chooses time slots to air simultaneously on all stations, regardless of programming, when the target audience is likely to be viewing.

Unwired networks received a major boost in mid-1987 when Procter & Gamble Co. reportedly walked away from what it viewed as extremely high prices at ABC for advance sales of the 1988 season. ABC's preseason demand was up partly because its schedule includes the 1988 Winter Olympics in Calgary. Long used to volume placements in return for lower prices, P&G began searching for creative ways to place about $30 million in advertising, sources say.

In July, P&G spent an estimated $10 million on Fox Broadcasting Co., a move that some viewed as a message to the networks that P&G would support alternative media, and one that preceded P&G's first unwired network buys.

In October, P&G placed $10 million with Atlanta-based Turner Broadcasting System's WTBS superstation and Chicago-based Tribune Broadcasting Co.'s six independent stations for a multi-product campaign running from Jan. 1 to June 30. Taken together, this unwired network reaches 65% of the U.S. Units reportedly were priced 15% to 25% below network TV. Cincinnati-based P&G says unit cost per thousands compared "very favorably" with network TV. P&G has the option to begin a new campaign on TBS/Tribune July 1 to June 30, 1989, for which spending could reach an estimated $20 million.

P&G also signed in October an estimated $10 million deal with New York-based Katz Communications to advertise on the 191-station Katz Alternative Network, created especially for P&G. The Katz network has 92% U.S. coverage.

Unwired networks became a reality in 1987 purely as a result of economic forces, says Michael Drexler, exec VP-national media director at Bozell, Jacobs, Kenyon & Eckhardt, New York. "[Unwired] networks are stimulated and perpetuated by the need to get better economy and efficiency from advertisers' broadcast investments," he says.

Advertisers and their agencies are sending a signal to the three major networks that they will push for better network pricing by helping to create national media alternatives, Mr. Drexler says.

But opinion is divided on the degree to which unwired networks represent a new medium. Stephen Leff, vice chairman of Backer Spielvogel Bates, New York, considers them less an alternative than "another weapon in the arsenal. Unwired networks have a place—they're another form of syndication. But are they going to take over the world? No. I think [the P&G buy] is as much a signal as it is a positive move," he says.

Agencies have long promoted the concept of unwired networks. In the past, they have met with resistance from local stations and their national media representatives, who could more profitably sell stations' inventory on the spot market.

In 1987, a few national spot TV representatives were able to convince their station clients that participation in unwired network deals would bring new dollars into the spot market, says Jim Beloyianis, president of Katz's American division.

The stations worried that advertisers would pay for unwired network deals out of funds earmarked for spot TV, thus undercutting the stations' own sales efforts. A P&G spokeswoman confirms, however, the money for its unwired network deals came from budgets for network TV and syndication.

"Traditionally, spot TV is at the end of the [allocations] pipeline," Mr. Beloyianis says. "The agency first buys national media, then goes to spot TV to augment the buy on a market-by-market basis. With the Katz Alternative Network, we want to tap in a few miles up the line," he says.

However, there are limits to how far the reps and stations are willing to go, says Bill Breda, senior VP-general sales manager at Blair Television, a New York rep company. Some advertisers try to secure lower spot TV CPMs by asking for proposals on unwired network buys that might include a shortened list of the stations that a rep company represents, he says.

"We are looking at each offer on a case-by-case basis. It was determined [in several cases] that we were dealing essentially with spot dollars and we declined the offers," Mr. Breda says. "Our sole objective is to go after dollars that would not be intended for spot TV."

Bristol-Myers Co. in December placed a multimillion-dollar unwired network buy with Blair's lineup of 134 stations covering 70% of the U.S. The buy was made with money earmarked for syndication, says Peter Spengler, VP-advertising services at the New York-based company.

"These are bucks these stations would [otherwise] never get," Mr. Spengler says.

Interest was piqued by P&G's buys, he adds. Bristol-Myers invited offers from several national station reps, settling on Blair. Factors favoring the buy included that it was national, the quality of the station list, time period, quality of programs and favorable CPMs.

"If I can encourage, in part, the creation of another national alternative to syndication or network [TV], I'll try to do that," Mr. Spengler says. "But nothing is ever easy the first time around. The unwired network was–not offered a year ago. It happened because of Procter & Gamble and Katz."

Better syndicated programming is a key reason why advertisers are turning to alternatives to network TV, Mr. Spengler says. Top-rated shows, such as "The Oprah Winfrey Show," "Wheel of Fortune," and "Star Trek: The Next Generation" are contributing to a general trend of placing more advertising dollars in syndication this year.

To understand the forces that led to creation of unwired networks, it is necessary to examine a chain reaction of factors in the broadcast marketplace in 1987, experts say. The first is high demand for network TV inventory: A record $9 billion in total sales is riding on the success of the 1987-88 network season, including a record $3 billion in upfront sales.

This intense level of spending caused network scatter market inventories to tighten in late 1987 and early 1988. Further tightening is expected because of the 1988 Olympics and general elections.

A second factor is A.C. Nielsen Co.'s introduction of the people meter in 1987, replacing Nielsen's diary system. People meters indicate that far fewer people are watching network TV than before.

The dual effect of higher prices and smaller network audiences was a drastic increase in network TV CPMs, up 10% to 30% in 1987, comparing people-meter results with Nielsen's old system.

As a result, advertisers last year began re-evaluating their network TV spending, boosting allocations to alternative media, such as cable and syndication. These shifts, in turn, caused softness in the 1987 spot TV market. As local stations began feeling the pinch, they became less reluctant to participate in unwired network deals organized by their national reps.

Critics question whether these rep networks are able to address the problem of underdelivery by the networks, however. Because the majority of local stations in the so-called "repworks" are network affiliates, they are prone to the same underdelivery problems as the three networks, says Mike Kammerer, founder of the New York-based Independent Television Network, an affiliation of 85 independent stations with 86% U.S. coverage that completed its first full broadcast year in 1987.

However, P&G is well covered with its Tribune/TBS deal, says Lou Latorie, senior VP-sales at WTBS. "The beauty of our deal with P&G is that it addresses the two points of erosion, from [network] underdelivery of cable homes and in the area of putting additional numbers behind independent stations," he says.

There also are marketing factors to consider, Mr. Latorie adds. According to Simmons Volumetrics studies, cable penetration is nearly 50% of the nation's 88.6 million homes, but for many product categories, cable homes are better consumers of certain products than non-cable homes, he says.

"[Generally] the cable home is a better consumer. They have more kids, more dollars to spend and greater consumption of goods," he says.

With the TBS/Tribune deal, "You're effectively addressing the problems both from a media point of view and from a marketing point of view," he says.

What the future holds for unwired networks is neither a question of marketing or media, however. It is one of economics, says Deborah Hackenberry, director of sales development at New York-based Petry Television, a national media representative.

Advertisers evaluate media based on cost, reach and efficiency. "The advertising well is not a bottomless pit. You have to reach eyeballs and ears," she says.

On these counts, Mr. Beloyianis says the Katz Alternative Network promised and is delivering for P&G a respectable 7 to 8 weeknight rating (a rating point is 1% of 88.6 million households) in the 7 p.m. to 8 p.m. (ET) time slot, at a CPM that is "competitive" with network TV. (Spot TV CPMs normally are much higher.)

The reason Katz was able to swing better CPMs is that rates for national spot TV increased only 3.5% in 1987, compared with hefty 20% CPM increases for network shows. Spot TV also became a more attractive alternative to cable TV and syndication, both of which recorded 20%-plus increases in 1987, Mr. Beloyianis says.

Still, other reps say that Katz and Blair are undercutting the spot TV market with their unwired network deals.

Dave Hills, VP-sales development at Telerep Inc. in New York, says the unwired network deals are simply rearranging spot TV dollars so that CPMs are lower.

"The ultimate effect is that you contract the spot TV market, not expand it," Mr. Hills says. "The biggest issue is where the dollars are coming from."

Petry's Ms. Hackenberry echoes a similar theme. Although Petry hasn't taken a stand on unwired networks, it also is not pursuing them, Ms. Hackenberry says. "Not knowing where the dollars are coming from, we don't think it's a good trend for spot TV. We don't want to wind up robbing Peter to pay Paul." ■

Declining network ratings*

(For the period Sept. 21, 1987-Jan. 3, 1988 vs. Sept. 22, 1986-Jan. 4, 1987)

	ABC (ratings)		CBS (ratings)		NBC (ratings)		Average	
	1986-87	1987-88	1986-87	1987-88	1986-87	1987-88	1986-87	1987-88
Households	14.3	12.9	16.1	13.7	17.5	16.4	15.9	14.3
Women 18-49	10.2	8.6	10.8	8.6	13.8	11.9	11.5	9.6
Men 18-49	9.3	8.1	8.0	6.5	10.2	8.7	9.1	7.7

*Each rating point equals 1% of 88.6 million households.
Source: A.C. Nielsen Co.

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Coca-Cola scores as Games sponsor

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By PATRICK McGEEHAN

More people are noticing advertising from sponsors of the 1988 Olympics, and what they are noticing most are ads for Coca-Cola, according to the latest ADVERTISING AGE survey.

But whether increased awareness of sponsors' advertising will boost sales is questionable, because most people say they would not be inclined to buy a product because its marketer is an Olympic sponsor.

The Olympic poll was part of a monthly nationwide adWatch survey of adult consumers conducted for AD AGE by SRI Research Center, Lincoln, Neb. In January, adWatch asked 672 adults five questions about Olympic sponsors.

Two-thirds of those polled in January said they had read, seen or heard advertising mentioning that a company is an official sponsor or supplier of the Olympic Games.

That figure was much higher than the 51% who recalled such advertising in a December survey, when the ads and spots were not running as often (AA, Feb. 1).

When asked in January which company's advertising first came to mind, 13% named Coca-Cola, far more than any other sponsor. Eastman Kodak Co. was a distant second, with 3% of respondents naming Kodak and 1% citing Kodak batteries.

In December, only 2% of respondents named Coca-Cola, while Kodak and Visa International led the way with 5% each. Coca-Cola Co., Kodak and Visa are three of the nine global sponsors of the 1988 Olympics.

The jump in awareness of Coca-Cola as an Olympic sponsor was surprising because the company had not begun airing its Olympics-theme advertising when the survey was conducted in January.

Coca-Cola, which is the exclusive soft-drink advertiser and one of the top spenders on ABC-TV's broadcast of the Winter Games from Calgary, began running a campaign themed "Thirst for greatness" in early February.

A spokesman for Atlanta-based Coca-Cola suggested the increased awareness of its sponsorship resulted from heavy publicity in December and January about the company's search for U.S. representatives to the Coca-Cola World Chorus, which performed at the opening ceremonies in Calgary.

In January, recall of advertising from Visa, which has been trumpeting its sponsorship since last summer, fell to 2%.

Miller Brewing Co., the sole sponsor of the U.S. Olympic Training Center, was the only company other than Coca-Cola and Kodak mentioned by more than 2% of respondents, with 3%.

The bad news for Olympic sponsors was that few respondents said a company's Olympic sponsorship raises their opinion of the company and fewer said they would be inclined to buy a company's product because of such a sponsorship.

In January, only 37% said Olympic sponsorship raises their opinion of a company, down from 46% in the December survey. Those who said sponsorship does not affect their opinion rose to 59% in January from 50%.

When asked whether they would be inclined to buy a specific brand or product because its manufacturer is an Olympic sponsor, 27% said yes, down from 37% in December.

Those who said they would not be inclined to buy products from sponsors rose to 70% in January from 61%.

As the Winter Games approached and consumers began to notice more advertising from sponsors, some were starting to feel overwhelmed, the poll showed.

One-fifth of those polled said they felt there were too many ads mentioning Olympic sponsorship run at the time, up from 14% who said that in December.#

STOCK REPORT

AGENCY PERFORMANCE

	Close	% change
Foote, Cone & Belding	49⅞	1.0
Grey Advertising	97	–2.0
Interpublic Group	31⅛	1.6
Lorimar Telepictures	10⅝	2.4
Mickelberry Corp.	5½	0.0
Ogilvy Group	27¼	2.8
Omnicom Group	17⅞	–3.3
Saatchi & Saatchi Co.	21¾	0.0
WPP Group	16¾	6.3

ADVERTISERS PERFORMANCE

Winners	Close	% change
1. AMR Corp.	39½	11.6
2. Delta Air Lines	48⅛	7.8
3. Loews Corp.	73⅞	6.1
4. Mattel	7⅛	5.6
5. Warner Communications	33	5.6
Losers		
1. Noxell Corp.	20	–6.9
2. Pillsbury Co.	33¼	–5.0
3. Chrysler Corp.	25	–2.9
4. Schering-Plough Corp.	54⅛	–2.4
5. Goodyear Tire & Rubber	57⅞	–2.3

MEDIA PERFORMANCE

Winners	Close	% change
1. Harcourt Brace Jovanovich	6⅞	14.6
2. Chris Craft Ind.	21⅛	9.5
3. Times Mirror Co.	36⅞	6.9
4. Dow Jones & Co.	32½	6.1
5. Gannett Co.	36	2.8
Losers		
1. McGraw-Hill	55¼	–5.5
2. Scripps Howard Broadcasting	78	–5.4
3. Media General	43⅞	–4.6
4. Belo, AH Corp.	46	–3.4
5. Turner Broadcasting	10¾	–3.4

Source: Lomas Publications. For week ending 2/19/88. Based on AA's top 100 advertisers and media companies.

TV spending

(Continued from Page 1)

to be a record level for Kellogg.

There was other good news for the networks, according to recently released spending figures from Broadcast Advertisers Reports, the unit of New York-based Arbitron Ratings Co. that tracks TV ad spending.

The nation's top 25 network TV advertisers—which represented half of 1987's total net revenues of $8.81 billion—upped their total spending by $248 million over 1986 levels. The average increase for top 25 advertisers was 8.4%.

Only five of those advertisers, including P&G, pulled back. They include No. 2 ranked Philip Morris Cos., which cut spending by 3% to $331.9 million, and Sears, Roebuck & Co., which reversed a strong network growth cycle in recent years and cut spending 30% to $89.9 million.

Other advertisers also set spending records. RJR Nabisco, in a dramatic yearend spending burst, pumped spending up 34.7% to $209.8 million. Mars Inc., which was the 25th-largest buyer last year, surged to No. 17 on the strength of a 50% increase to $130.3 million.

There also was frenetic activity in the automotive ranks. No. 3-ranked General Motors Corp. lifted its budget by 17% to $273 million.

But Ford Motor Co. cut spending by almost 15% to $161.2 million. Chrysler Corp. purchased American Motors Corp. last August, and that contributed to an increase of 45% to $182.7 million.

Cincinnati-based P&G's huge spending reversal is historic for the nation's largest advertiser, which has been the pre-eminent TV advertiser since the medium was born.

P&G had boosted its net TV budget by about 10.4% a year since 1960, when it spent $46.4 million. It increased its net TV budget almost continuously since that time, with brief respites in the mid-1960s and early '70s.

But that ended in 1986.

"Declining efficiences overall in network, because of excessive pricing," have forced P&G to put the money elsewhere, said Greg Ostroff, a securities analyst with Goldman, Sachs & Co. "They've increasingly shifted away from network due to declining efficiencies, period."

But Charles Crane, VP and advertising-industry analyst with Prudential-Bache, said, "I wouldn't read too much doom and gloom into [the spending cut], but it's noteworthy when the behemoth of behemoths moves things around. I don't get the sense from agencies that this has affected them."

> *"Declining efficiences overall in network, because of excessive pricing," have forced P&G to put the money elsewhere.*
>
> **—Analyst**

A P&G spokesman said, "Spending in any given year will vary based on the given needs of brands. For example, new products or new initiatives on the part of existing brands" will affect spending.

P&G introduced several major brands in 1985, including Crest Tartar Control toothpaste and Ultra Pampers disposable diapers, which directly affected P&G's record $492 million outlay that year. Spending for the acquired Richardson-Vicks also was added to the P&G column that year.

Some analysts said the shifts are more fundamental. "I'm sure they're putting a lot more money in cable TV and a lot more into coupons" and promotions, said Jack Salzman, a VP at Goldman, Sachs. Syndication TV also is being emphasized at P&G.

There may be other reasons behind the drop. P&G owns a substantial block of daytime TV, which it uses for its own productions, and a softening daytime market in the past few years, as well as flat ratings on some of P&G's own shows, probably has caused the value of its own commercial time to fall.

P&G keeps some commercial time in its shows for its own brands; the networks sell the rest of the time.

BAR reported that the biggest fall-off in P&G's spending was in daytime. BAR counted $245 million worth of P&G daytime inventory in 1986; that had fallen 19.3% to $197.7 million last year.

Kellogg's whopping increase is primarily due to a rash of new, heavily marketed products.

In 1987, it committed $100 million in marketing and ad support for only four brands: three new cereals —Mueslix, Nutrific and Pro Grain; and Nutri-Grain line extensions.

In addition, the No. 1 cold-cereal marketer maintained heavy support for established lines, including Frosted Flakes and Special K.

But some of the big 1987 spending increase probably is attributable to a negligible increase the previous year. Kellogg typically does not comment on ad spending reports.

Automotive spending was affected by shifting market share patterns. Detroit-based GM put millions of dollars behind new entries in the fourth quarter, including the Buick Regal, the first of the GM-10 cars.

The company also lost nearly 5% market share last year and boosted spending to reverse the loss. Dearborn, Mich.-based Ford, however, had factories operating at full capacity to meet higher demand. Ad spending then softened.#

Julie Liesse Erickson in Chicago and Raymond Serafin in Detroit contributed to this story.

ABC

(Continued from Page 3)

work would have to deliver any make-good payments.

"With the exception of [the night of Feb. 13], they've done fine," said Bill Hadlock, exec VP, Leo Burnett USA, Chicago. "I suspect ABC is not unhappy; I know I'm happy."

If ratings do not pick up, ABC probably will offer some advertisers make-goods within the Games because some airtime was withheld for this purpose.

Some advertisers were optimistic ABC could make up the differential this week.

"They're within striking distance," said Bill Croasdale, senior VP, Backer Spielvogel Bates, New York.

Audience demographics also have been strong for the Games. "The audience comp has been higher than anticipated, and when you balance that out vs. household [ratings], then it's got to be pretty close to washing out," said Steve Grubbs, senior VP, BBDO Worldwide.

Clearly, ABC's success hinges on the success of the U.S. hockey team. "I think the ratings will go down if the hockey team is out of it," said Bob Watson, director of advertising services, AT&T. Mr. Watson's company concentrated its entire Olympic effort on the Feb. 21 telecast.

A major concern looms for NBC, whose telecast of the Summer Olympics in Seoul kicks off.

NBC has sold just over 70% of the total ad time in the event. One top ad executive said NBC could have trouble selling the balance of time if ABC's Games fall flat.

"Obviously, we hope ABC will do as good as it can for a lot of reasons," said Bert Zeldin, VP-Olympics sales and marketing at NBC.

Like ABC, NBC also is guaranteeing a 21 prime-time rating for the Summer Games.

Mr. Zeldin added, however, "I don't think [ABC's performance] will make any difference [in the NBC sales effort], but it would enhance it if their ratings were very good."

ABC got a 9.9 prime-time rating on Feb. 13. The network got an 19.7 rating on Feb. 14; an 18.1 rating on Feb. 15; a 25.5 rating on Feb. 16; a 19.3 rating on Feb. 17; and an estimated 19 rating on Feb. 18.#

Spot lineup irks viewers

NEW YORK—ABC-TV's commercial format for the Olympic Games is under attack.

Many commercials, including one for Chrysler Corp., interrupted goals by the U.S. hockey team during a crucial match against Czechoslovakia.

Also, during a game against the Soviet Union, ABC cut away to show skiing and skating, and missed two goals by the U.S.

"It's a fact of life in commercial TV and we deal with it the best we can," said an ABC spokesman, who added that advertisers had not criticized the network over this.

However, other sources said there was concern by some advertisers, and that ABC indicated it would shorten commercial pods in the hockey telecasts to minimize the chance for a recurrence.#